



UNIVERSITY of WASHINGTON

Michael K. Young
President

April 10, 2012

Intellectual Property Management Advisory Committee

Professor Robert Gomulkiewicz, Chair
Professor Daniel T. Chiu
Mr. Mark S. Green
Professor Rodney J.Y. Ho
Mr. Timothy D. Jewell
Mr. Jesse Kindra
Professor Edward D. Lazowska
Professor Leroy F. Searle
Professor Mani Soma
Professor Ron Stenkamp, Chair of the Faculty Council on Research, *ex officio*
Ms. Fiona Wills

Dear Colleagues:

Thank you very much for agreeing to serve on the Intellectual Property Management Advisory Committee (IPMAC). I am very pleased that, after an extended hiatus, this important committee will soon be up and running again.

I am grateful to Professor Gomulkiewicz for his willingness to serve as chair of IPMAC. Please note that three members of the committee will serve as a result of other positions they hold at the University: I am designating one seat on the committee to be *ex officio* (with the right to vote) for the Chair of the Faculty Council on Research (currently held by Dr. Ron Stenkamp) and I am delegating to the Vice Provost for Commercialization the authority to designate any two members of her staff to serve as voting members of the committee (she has initially designated Mr. Jesse Kindra and Ms. Fiona Wills.) Finally, I am asking Senior Assistant Attorney General Gary Ikeda to designate an attorney to serve as the committee's legal advisor.

As you may know, I have a particular interest in continuously refining the University's approach to sharing with the larger world the intellectual property created here. Particular attention must be given to that portion of intellectual property that has a value in the commercial markets. Commercialization is one important tool for getting our creations into the lives of real people, though it is by no means the only way to do so. Effective use of the stream of commerce can reward faculty and advance our institutional missions, though we must remain mindful that commercialization is a *means* to these goals, not an end in itself.

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I will be relying on IPMAC to help us assess best practices in this field and provide wisdom and guidance in interpreting and applying University policy.

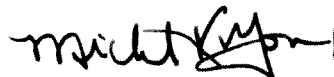
As provided in Executive Order No. 36 (enclosed), there are two elements to IPMAC's charge:

1. Review periodically the policy set forth in Executive Order 36 and recommend such changes to me as the Committee deems desirable; and
2. Report to the Vice Provost for Commercialization on broader intellectual property issues that arise in the promotion and protection of research.

I am confident that the composition of this committee will enable it to carry out this charge exceptionally well.

You should be hearing soon from my office or the office of the Vice Provost for Commercialization to schedule a committee meeting. Thank you again for your willingness to serve.

Sincerely yours,

A handwritten signature in black ink, appearing to read "Michael K. Young". The signature is fluid and cursive, with a large initial "M" and "K".

Michael K. Young

Enclosure

cc: Provost Ana Mari Cauce
Mr. Gary Ikeda
Vice Provost Linden Rhoads

Patent, Invention, and Copyright Policy

1. Patent and Invention Policy

- A. This policy covers both patented and nonpatented innovations, including computer software with commercial value, and is applicable to all faculty, staff, and students. The policy is intended to show the University's positive attitude toward transfer of results of its research to the private sector.
- B. The purpose of university research is to seek new knowledge for the general benefit. Although university research is not directed intentionally toward inventions, commercially valuable inventions do often result, and it is generally in the best interests of the University and the public that patents be obtained and/or licenses granted as described in this policy. Inventions shall be promptly reported to the University's Office of Intellectual Property and Technology Transfer and all concerned shall cooperate to assure prompt initiation of appropriate technology transfer actions. The term "invention" means any invention or discovery which is or may be patentable or otherwise protectable as to ownership. An invention may be a process, machine, manufacture, composition of matter or design, or any new or useful improvement thereof. An invention is deemed to be "made" when it is conceived or first actually reduced to practice.
- C. University employees shall report all inventions and discoveries to the University's Office of Intellectual Property and Technology Transfer. As a condition of employment, and even if a specific patent agreement is not signed, University employees agree to assign all inventions in which the University has an interest to the University, to an invention management agency designated by the University, or to the sponsor if required under agreements governing the research. Employees shall execute documents of assignment and do everything reasonably required to assist the assignee(s) in obtaining, protecting, and maintaining patent or other proprietary rights. Students who are also employees, students working on a sponsored project, and students who have used University resources (other than for lecture-based coursework) shall also report all inventions and discoveries to the University's Office of Intellectual Property and Technology Transfer and shall assign all such inventions and discoveries in the same manner as University employees. Inventions in which the University has an interest but which do not meet University criteria for patenting shall be managed in accordance with policies and procedures determined by the University Office of Intellectual Property and Technology Transfer. If and to the extent permitted by state law and other University policies, those procedures may include:
 - 1) A mechanism by which the inventor(s) may personally pay patenting costs;
 - 2) The formation of a commercial enterprise to pursue commercialization; and, under very rare circumstances,

- 3)** The transfer, for appropriate consideration, of the patent rights to the inventor(s).

These procedures shall be implemented at the discretion of the Vice Provost for Intellectual Property and Technology Transfer.

Although all inventions and discoveries must be reported to the Office of Intellectual Property and Technology Transfer, there are instances when the University may choose not to assert ownership. The University will not require assignment of interests for any invention for which no equipment, supplies, facilities, or trade secret information of the University was used and which was developed entirely on the employee's own time, unless:

- 1)** The inventions related:
 - a)** Directly to the business of the University, or
 - b)** The University's actual or demonstrably anticipated research or development, or
- 2)** The invention results from any work performed by the employee for the University.

- D.** Research funded wholly or in part by an outside sponsor is subject to this policy as modified by the provisions of the agreement covering such work. Employees engaged in sponsored research are bound by the provisions of the agreement between the University and the sponsor. Title to any inventions conceived or first reduced to practice in the course of research supported by federal agencies, industry, or other sponsors shall generally vest in the University. In rare cases, an industrial sponsor may possess a dominant patent position in a certain technology area so that any patent the University might seek would be of little or no value. For this or other reasons, an exception to the University title policy may be approved by the University's Office of Intellectual Property and Technology Transfer when to do so will honor the general principles of this policy, protect the equities involved, and satisfy the requirements of the parties.
- E.** Industry supported research is valued by the University when it embraces a proper balance between the University's educational mission and industry's quest for the development of commercial products, processes, and services. Interaction with industry may take any of several forms, including grants, contracts, consortia agreements, and affiliate programs. Industry sponsors may be assured of at least a non-exclusive license to inventions conceived or developed with their support. Where the sponsor uses the invention entirely within its own operations, the license may be royalty-free. Where the sponsor, or a third party, manufactures and sells products, services, or processes based on the invention, reasonable royalty payments to the University, or its assignee, are required. If necessary for the effective development and marketing of a University invention, an exclusive license may be granted, usually for a limited time period. Where an invention is not identifiable in advance, the University may grant the sponsor an option to an exclusive license if the sponsor agrees to finance the cost of the University's patent application and observe certain diligence requirements that will assure promptly bringing the invention into public use. The patent financing may be treated as an offset against royalties payable when the invention is marketed.
- F.** The University retains the right to file patents itself or to use other patent management firms. The University has agreements with the Washington Research Foundation, Research Corporation Technologies of Tucson, Arizona and Battelle Development Corporation in Columbus, Ohio as patent and license agents.

- G. Both the University and the inventor are entitled to a share of income from licensed inventions; the University on the basis of salary and facilities support for the inventor and the cost of patent or license administration; and the inventor on the basis of creative activity, documenting the invention, and assisting as necessary with commercialization. Thus, the University allocates a share of income to the inventor. The remainder is dedicated to further research by allocating shares to the college/department (or other unit) in which the invention was conceived or first reduced to practice and to the Office of the Provost.
- H. The University may take an equity position in a company whether or not license fees or royalties are paid to the University as part of a negotiated agreement. A typical circumstance under which the University might receive equity would be as part of an agreement licensing University-developed technology to a start-up or developing business venture. Another example might occur when an employee of the University utilizes the expertise and/or technology he or she has developed in the course of University employment and assists a business venture in the commercialization of an idea. (A business venture includes corporations, partnerships, or other commercial enterprises.) Such a commercial association with the University and its employees adds both value and credibility to the new business venture. To assure a balance of interests for the business venture as well as for the University, the University will generally require that it receive an equity position in such circumstances.

The University's equity interests are managed and disposed of in accordance with guidelines established by the Treasury Office in consultation with the Office of the Provost and the policies and procedures stated in the Administrative Policy Statements, Board of Regents Governance, Employment and Administrative Policies, Faculty Code and Governance, Presidential Orders, and Student Governance and Policies. University employees may be eligible to receive a portion of the University's equity interest in accordance with the policies and procedures described in the University's Administrative Policy Statements and as allowed under state law and University conflict of interest policies. When such equities are liquidated, the net proceeds, after recovery of all University costs and after any distributions to eligible recipients, accrue to appropriate University accounts and are administered by the Provost to promote research and technology transfer across the entire University. If the proceeds from the disposition of a particular equity interest are unusually large, the Provost shall confer with the University Budget Committee, the Research Advisory Board, or other appropriate faculty bodies, on alternative uses for amounts in excess of a base figure (set at \$3 million in 2000 dollars).

There may be situations in which both the University and its employees separately own equity interests in a business venture. In such circumstances, the employee's equity interest is considered to be independent of the University's equity interest and is not held, managed, disposed of, or distributed by the University. An example would be a case in which the University receives an equity interest in a business venture as a result of licensing certain intellectual property developed by one of its employees and in which the same employee also owns a equity interest as a result of being a founder of the business venture receiving the license. In this example, the employee's equity interest is not held or managed by the University, but rather by the employee, and the employee's status as a founder having an ownership stake in the business venture renders the employee ineligible to receive a distribution of a portion of the University-owned equity.

- I. As a public institution, the University should undertake sponsored research only when the results can be published. Publication may be deferred for a reasonable time during which

the University and the sponsor review the feasibility of patent coverage or other protection on an invention described in the publication. Likewise, graduate student theses or dissertations containing invention details may be withheld from the Library shelves for a limited period while this evaluation process is conducted. Some research agreements may involve University access to a sponsor's proprietary data subject to a clause defining the conditions under which such data will be identified, accepted, and used. Students should be able to participate in such research in a meaningful way without access to proprietary data. When publication of the research involving proprietary data is contemplated, the University may agree to provide the sponsor with advance copy prior to submission for publication to allow the sponsor an opportunity to identify any inadvertent disclosure of proprietary data.

- J. Employee consulting with commercial enterprises can be of significant benefit to the University, the employee, the commercial entity, and the general public. However, such involvements include the potential for conflicts of interest, for the inhibition of the free exchange of information, and for interference with the employee's primary allegiance to the University. University employees should be guided in these arrangements by the policy stated in Executive Orders No. 32, No. 35, No. 43, and No. 57. Invention clauses in consulting agreements must be consistent with the policy of the University and with University commitments under sponsored research agreements. Questions concerning potential conflicts should be referred to the University's Office of the Provost and the Office of Research.

- K. Conflicts of interest are of prime concern when a faculty member is involved in "deeper than consulting" arrangements with business ventures. Although the faculty member may hold an equity interest or a management position in a business venture, he or she must do so consistent with the principles and procedures of Executive Order No. 57, Section 6, "Involvement with Commercial Enterprise, Deeper than Consulting." In situations where the employee is a board member, manager, or receives shares of stock, the option to purchase stock, or other equity interest in return for the use of his or her services and/or inventions in a business venture, approval by the Office of the Provost (after review by the dean and the chair) is required. The primary focus of the review by the Office of the Provost will be to ensure that potential conflicts of interest and exposure to liability are properly managed. For example, the interests of the graduate students involved in such cases must be protected, there must be no direct managerial involvement of the faculty member in the business venture, there must be an arms-length relationship between the faculty member's responsibilities to the business venture and the faculty member's academic responsibilities, and mechanisms must be in place to ensure that the research program of the faculty member is not distorted by his or her interests in the business venture.

2. Copyright Policy

A. Background

The University encourages the publication of scholarly works as an inherent part of its educational mission. In this connection, the University acknowledges the right of faculty, staff, and students to prepare and publish, through individual initiative, articles, pamphlets, and books that are copyrighted by the authors or their publishers and that may generate royalty income for the authors.

The variety and number of copyrightable materials that may be created in the university community have increased significantly in recent years as have the author-university-

sponsor relationships under which such materials are produced. Therefore, the following statement of University policy on ownership and use of copyrightable materials is provided to clarify the respective rights of individuals and the University in this increasingly important area. The policy will be administered by the University's Office of Intellectual Property and Technology Transfer.

B. General Statement of University Policy on Ownership and Use of Copyrightable Materials

University faculty, staff, and students retain all rights in copyrightable materials they create, including scholarly works, subject to the following exceptions and conditions:

1) Grant and Contract Limitations

Conditions regarding rights in data or restrictions on copyright privileges contained in sponsored grants, contracts, or other awards are binding on the University and on faculty, staff, or student authors. Copyright works, with the exception of routine progress reports, prepared as required elements of such sponsored grants, contracts, or other awards shall be reported to the Office of Intellectual Property and Technology Transfer for review prior to any external dissemination of the work. If necessary to fulfill grant and contract limitations, authors shall execute an appropriate written assignment of copyrights to the University.

2) University-Owned Materials

Materials shall be "University-owned" within the meaning of this policy statement if the work is a "work for hire" under copyright law or the author was commissioned in writing by the University (or one of its colleges, schools, departments, or other divisions) to develop the materials as a part of the author's regularly compensated duties, as for example, released time arrangements in the case of faculty members. As to a faculty member, "commissioned in writing" specifically does not refer to his or her general obligation to produce scholarly works.

3) University-Sponsored Materials

Materials shall be "University-sponsored materials" within the meaning of this policy statement if the author developed the materials in the course of performance of his or her normal duties and utilized University staff, resources, or funding to develop the work. As to a faculty member, "normal duties" does not include his or her usual scholarly activity unless it involves extensive uncompensated use of University resources.

4) Written Agreements

It is desirable to reach agreement in writing as to the rights of the University and of participants before work begins whenever:

- a) A question exists as to whether the materials will be University-owned or University-sponsored, or
- b) Copyrightable materials are likely to result from the joint efforts of persons in academic departments and University service departments.

As to jointly-developed materials, determination of rights in written form shall be accomplished no later than prior to sale of the materials in question. Questions concerning the interpretation and administration of this policy shall be resolved in accordance with Section 3.

5) Proportional Ownership

In case of materials developed in substantial part under commission and in substantial part through other means, the materials shall be regarded as "University-owned" in an appropriate proportion. In the case of materials developed in substantial part during the course of normal duties and with use of University staff, resources, or funding the materials shall be regarded as "University-sponsored" in an appropriate proportion.

6) Royalty-Free Privileges to University

The University retains a right to royalty-free use of any copyrightable materials developed by University employees (other than books and materials available from a publisher through normal distribution channels) when the development of such materials was advanced through the use of University facilities, supplies, equipment, or staff services. This right exists even though the materials do not constitute University-owned or University-sponsored materials as defined above (e.g., where use of facilities by a faculty member was not extensive).

7) Student Writings

Students employed by the University in any capacity are covered by the terms of this policy. In addition, where a student receives financial aid or remuneration under a sponsored research, training, or fellowship program, his or her rights in copyrightable materials are limited by the terms of the University agreement with the sponsoring agency. The University has no ownership rights in copyrightable materials developed by students who are not employees of the University or in materials unrelated to their employment.

C. Types of Materials

The types of materials to which this policy is intended to apply include:

- 1) Video and audio recordings, tapes, and cassettes.
- 2) Film, film strips, and other visual aids.
- 3) Books, texts, study guides, and similar published materials.
- 4) Computer programs and software when copyright rather than patent or trade secret protection is relied upon as the primary source of legal protection. (When the primary commercial value of a computer program lies in its transfer in limited quantities under arrangements of confidentiality, it shall be treated as unpatented technology and be subject to the University Patent and Invention Policy.)
- 5) Musical or dramatic compositions.

- 6) Internet-based productions and multimedia products.
- 7) Other copyrightable materials.

D. Rights Involved in Use of University-Owned or University-Sponsored Materials

- 1) Two categories of use are differentiated for purposes of this policy: internal use and external use. Internal use refers to use by any unit of the University for instruction, research, or other educational purposes. External use refers to use by other educational institutions, government and other nonprofit institutions, and use resulting from lease or other contractual arrangements for commercial distribution of the materials.
- 2) Use of University-owned or University-sponsored materials under this policy shall be subject to the following conditions:

a) Internal Use

- i) Each instance of use of such materials within the University requires the approval of the author and the department or college unless advance approval is waived through a prior written understanding or the author's consent is implicit in the terms of the grant or contract supporting the work. Internal uses of such materials will not involve a transfer of funds between departments unless the lending department incurs incremental costs in order to make the materials available.
- ii) As long as the author or producer of such materials remains an employee of the University, the author may:
 - Request reasonable revisions of the materials prior to any instance of internal use, or
 - Ask that the materials be withdrawn from internal use if revisions are not feasible.

In cases where the University has invested significant funds in the production of the materials and the author/producer is unable to agree with the department head on appropriate revision or withdrawal of materials, the question will be referred to the dean of the school or college for mediation.

- iii) If the author or producer terminates employment with the University, then the University retains the right to continue internal use of the material unless the author/producer and the University agree in writing on special conditions for subsequent internal use of the materials and the procedures for their revision.

b) External Use

Licensing or sale of University-owned or University-sponsored materials for external use shall be preceded by a written agreement between the University and the author or producer specifying the conditions of use, and including

provisions concerning the right of the author or producer to revise the materials periodically, or to withdraw them from use—subject to existing agreements—in the event revisions are not feasible.

E. Division of Royalties

1) General Policy on Royalties

As to University-owned materials, all royalties and income should inure to the University and its schools, colleges, and departments as such materials are prepared in exchange for agreed compensation. As to University-sponsored materials, a sharing of royalties and income is appropriate because of the author's provision of creative efforts on the one hand and the University's provision of salary, facilities, administrative support, and other resources.

2) Royalties on Sales to Outside Users

Where University-owned or University-sponsored materials are to be sold or rented to outside users, the following guidelines pertaining to financial arrangements should be observed (subject to any limitations specified by granting agencies):

- a)** All incremental expenses related to the distribution of copies will be recovered from each sale or rental. Original costs for production of the materials shall be recovered only if and as agreed to in writing prior to preparation of the materials by the author and the academic departments and/or other University units which incur those costs.
- b)** In the case of University-owned materials, royalty and other income from sale or use of the materials (after recovery of costs as specified in Subsection 2.E.1 above) shall be divided one-half to the University and one-half to the school/college/department of the author or authors. The University share shall be used to promote research across the whole University and shall normally be administered by the Office of Research. The school/college/department share shall be allocated to the dean of the college or school, and may be used for research, education, and communications. At least 75% of this share should normally go to the author's department for use there according to departmental and college goals. The dean should have discretion in distributing the remaining 25% to promote activities according to the nature and needs of the college or school in question.
- c)** In the case of University-sponsored materials, royalty and other income from the sale or use of materials (after recovery of costs as specified in Subsection 2.E.2.a above) shall be divided according to the Administrative Policy Statement 59.4, "Technology Transfer." In any given case covered by this subsection, the author may dedicate all or any portion of his or her allocation to the school/college/department, the Office of Research, or other administrative unit, subject to the provisions of Administrative Policy Statement 59.4).
- d)** In certain instances it may be advantageous to market University-owned or University-sponsored materials through outside commercial sources or the

University Press. Net royalty income from such sources shall be divided as specified in Subsections 2.E.2.b and 2.E.2.c.

- e) Royalty and other income from updating and revision of University-sponsored materials shall be treated as income and royalty from such University-sponsored materials, unless otherwise agreed to in writing by the author/producer and the University before preparation of the original materials. The net income from such upkeep or revision shall be separately computed on an annual basis for the purpose of applying the distributions referenced in Subsection 2.E.2.c.

F. Protection and Liability

1) Protection

The Office of Intellectual Property and Technology Transfer shall investigate allegations of unauthorized use or copyright infringement of University-owned and University-sponsored materials and shall recommend appropriate action. If such action is started by the University, all costs of such action shall be borne by the University. All proceeds in excess of such costs shall be shared as provided in Subsection F (subject to sponsoring agency limitations if a grant or contract is involved).

2) Liability

When there are allegations of violation of personal or property rights by the University, or by the author or producer of University-owned or University-sponsored materials copyrighted by the University, the University shall assume responsibility for the defense of any action and the satisfaction of any judgment rendered against the University or the author or producer.

3. Interpretation and Administration of Policy

- A. The President has designated the Vice Provost for Intellectual Property and Technology Transfer as the officer of the University to administer, apply, and interpret the provisions of this policy. The Vice Provost shall have the authority to determine whether the facts of a given case merit special consideration.

- B. **Committee**

The President of the University will appoint an Intellectual Property Management Advisory Committee to review periodically the policy set forth in this statement and recommend such changes to the President as the Committee deems desirable. The Committee will also advise on broader intellectual property issues that arise in the promotion and protection of research. The Committee will report to the Vice Provost for Intellectual Property and Technology Transfer and consist of no fewer than five members, a majority of whom shall be chosen from the faculty.

C. Distribution of Statement

When this statement becomes effective as University policy, the President's office shall see that all departments and administrative offices of the University are properly informed. Thereafter, the Vice Provost for Intellectual Property and Technology Transfer shall remind deans and department heads periodically of the existence of the policy, inform them about any significant interpretations of the policy, and invite comments or questions regarding it.

D. Duties of Vice Provost for Intellectual Property and Technology Transfer

The Vice Provost for Intellectual Property and Technology Transfer shall manage the Office of Intellectual Property and Technology Transfer, which will represent the University in negotiating agreements with inventors, authors or producers, or licensees pursuant to this policy. She or he may consult also with department heads and the heads of production units involved in a specific technology transfer transaction, and she or he shall sign or recommend all agreements for signing consistent with delegated authority. Where copyright coverage should be obtained on University-sponsored or University-owned materials, the Office of Intellectual Property and Technology Transfer will facilitate the copyright application. The faculty or staff member who is the author of University-owned or University-sponsored materials shall execute a written transfer of copyright to the University when necessary or appropriate.

E. Inquiries on Status of Materials

Any faculty or staff member who has a question as to whether or not particular materials will be considered University-owned or University-sponsored should initiate an inquiry to the Office of Intellectual Property and Technology Transfer as to their status. This inquiry, with all relevant facts, should be forwarded via the author's department head. Thereafter, the Vice Provost for Intellectual Property and Technology Transfer shall advise the author or producer as promptly as possible as to whether or not it appears that the materials should be regarded as University-owned or University-sponsored within the meaning of this policy. The Vice Provost for Intellectual Property and Technology Transfer's decision in such cases will be considered as an advisory opinion subject to final clarification when the work is completed. At that time, the faculty or staff member should either:

- 1) Indicate concurrence in the original decision, or
- 2) Request that the question of rights be submitted for decision to the Vice Provost for Intellectual Property and Technology Transfer.

In the latter case, the decision of the Vice Provost will be final unless the faculty or staff member requests arbitration of the question.

F. Arbitration

In the event of any differences between faculty or staff members, on the one hand, and the Vice Provost for Intellectual Property and Technology Transfer, on the other hand, and when the questions cannot be reconciled by direct negotiation, the matter shall be submitted for binding arbitration either to a single arbitrator agreed on by all parties or to a special three-person panel consisting of one person representing the faculty or staff member, one person representing the University, and a third person designated by the first two. Knowledgeable members of the University community will normally be chosen for such panels in order to expedite a decision and minimize cost. In the event costs are incurred, they shall be divided

equally between the faculty/staff member and the University. Decisions of the panel will be binding on both parties. The panel shall have full access to any pertinent records over which the faculty/staff member or the University has jurisdiction.

BR, March 1969; Executive Order No. 36 of the President: June 1, 1972; October 3, 1977; September 26, 1983; September 21, 1992; May 2, 2000, December 20, 2000; October 27, 2003.